

Message Text

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17

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 DODE-00

H-02 INT-05 L-03 NSC-05 PA-01 SS-15 TAR-01 USIA-06

PRS-01 FEA-01 OIC-02 /107 W
----- 003061

R 101904Z JUL 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9251

INFO ALL EC CAPITALS 885

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: EIND, ETRD, EGEN, EEC

SUBJECT: RAW MATERIALS AND THE SEVENTH SPECIAL SESSION:
EC PREPARATIONS

REFS: A. EC BRUSSELS 5320 B. EC BRUSSELS 5317 C. EC BRUSSELS 5315
D. EC BRUSSELS 4585

1. SUMMARY. THE EC COMMITTEE OF PERMANENT REPRESENTATIVES HAS PREPARED A PAPER ON RAW MATERIALS AND RELATED ISSUES FOR NEXT WEEK'S COUNCIL OF FOREIGN MINISTERS AND EUROPEAN COUNCIL (HEADS OF GOVERNMENT). THERE IS AGREEMENT AMONG THE MEMBER STATES ON SOME GENERAL PRINCIPLES, BUT NO HARD DECISIONS YET ON THE DESIRABILITY OF COMMODITY AGREEMENTS OR EXPORT STABILIZATION SCHEMES. END SUMMARY

2. ACCORDING TO SEVERAL OF OUR CONTACTS, THE COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) HAS PREPARED A PAPER FOR THE COUNCIL OF FOREIGN MINISTERS MEETING ON JULY 14, ONE SECTION OF STUDY
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(THE LARGEST) COVERS RAW MATERIALS. OTHER SECTIONS DEAL WITH

NON-COMMODITY ISSUES SUCH AS INDUSTRIAL AND COMMERCIAL COOPERATION AND DEVELOPMENT AID. THE PAPER, WHICH IS A CONTRIBUTION TO THE PROCESS OF EC PREPARATION FOR THE UNGA SEVENTH SPECIAL SESSION, IS TO BE REFINED BY THE FOREIGN MINISTERS AND PRESENTED FOR DISCUSSION AT THE EUROPEAN COUNCIL ON JULY 16-17.

3. WE HAVE NOT YET SEEN THE DOCUMENT BUT UNDERSTAND THAT IT REPRESENTS A THESIS OF VIEWS PREVIOUSLY PRESENTED BY THE COMMISSION (REFTELS). WE ARE TOLD THAT IT REFLECTS A MEASURE OF AGREEMENT AMONG THE MEMBER STATES IN LINE WITH THEIR DESIRE TO BE FORTHCOMING TOWARD LDC DEMANDS ON BROAD PRINCIPLES SUCH AS:

(A) RAW MATERIALS PRICES SHOULD BE FAIR TO CONSUMERS AND RENUMERATIVE FOR PRODUCERS,

(B) SPECIAL ATTENTION SHOULD BE PAID TO PROBLEMS OF THE POOREST RAW MATERIAL PRODUCERS,

(C) THERE SHOULD BE DIVERSIFICATION OF PRODUCTION IN DEVELOPING COUNTRIES AS WELL AS THE DEVELOPMENT AND TRANSFORMATION OF RAW MATERIALS (SEE REFTTEL D).

4. HOWEVER, AS MIGHT BE EXPECTED, THE GOING GETS TOUGHER WHEN IT COMES TO SPECIFIC COMMITMENTS OR MEASURES FOR IMPLEMENTING GENERAL PRINCIPLES. ALTHOUGH THE PAPER EXPRESSES AN "OPENNESS" IN CONSIDERING STABILIZATION OF EXPORT EARNINGS SCHEMES (SEE REFTTEL B FOR COMMISSION PAPER ON THE SUBJECT), WE UNDERSTAND THERE WAS A SPLIT IN THE COREPER ON THIS ISSUE. GERMANY AND THE UK PREFER TO STRENGTHEN THE IMF COMPENSATORY FINANCING SCHEME AND MAKE LOANS OR TRANSFERS TO LDC PRODUCERS DEPENDENT UPON THE EARNINGS FROM ALL COMMODITY EXPORTS RATHER THAN FROM EARNINGS FROM A SINGLE COMMODITY. THE BALANCE OF PAYMENTS SITUATION OF A GIVEN PRODUCER COUNTRY WOULD ALSO BE TAKEN INTO ACCOUNT. SOME COUNTRIES (E.G., THE NETHERLANDS) PREFER THE SEMI-AUTOMATIC RESOURCE TRANSFERS OF A "STABEX"-TYPE SCHEME. WE UNDERSTAND THE FRENCH ARE SOMEWHERE IN THE MIDDLE ON THIS QUESTION.

5. THE PAPER ALSO EXPRESSES A WILLINGNESS TO LOOK AT COMMODITY LIMITED OFFICIAL USE

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AGREEMENTS ALTHOUGH THE SKEPTICISM OF SOME MEMBER STATES (PARTICULARLY GERMANY) TOWARD COMMODITY AGREEMENTS IS RECORDED. THE PAPER REPORTEDLY TAKES A FORTHCOMING ATTITUDE ON INDUSTRIAL COOPERATION, COMMERCIAL COOPERATION, AND AID. BUT HERE AGAIN, THE SPECIFICS ARE NOT FULLY WORKED OUT. THUS, THE PERMANENT REPRESENTATIVES HAVE FRAMED THE HARD QUESTIONS FOR THE MINISTERS AND HEADS OF GOVERNMENT BUT HAVE NOT THEMSELVES MADE THE CRITICAL CHOICES.

6. WE UNDERSTAND THAT THE HEADS OF GOVERNMENT ARE EXPECTED TO HAVE A LENGTHY DISCUSSION ON RAW MATERIALS AND OTHER NORTH-SOUTH ISSUES WHICH ARE ON THE AGENDA FOR THE SEVENTH SPECIAL SESSION. EC OFFICIALS HOPE THE RESULT WILL BE A REASONABLY COHESIVE COMMUNITY VIEW ON THE BROAD ISSUES AS A BASIS FOR EC-NINE POSITIONS IN NEW YORK IN SEPTEMBER. MYERSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, RAW MATERIALS, COMMITTEES, PLANNING MEETINGS, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU06290
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750239-0520
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750766/aaaacgnl.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 5320, 75 EC BRUSSELS 5317, 75 EC BRUSSELS 5315
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by SmithRJ>; APPROVED <23 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RAW MATERIALS AND THE SEVENTH SPECIAL SESSION: EC PREPARATIONS
TAGS: EIND, ETRD, EGEN, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006